



LANXESS
Energizing Chemistry

LANXESS Executive Call

Taking Consumer Protection to the next level

Matthias Zachert, CEO

Michael Pontzen, CFO

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Full cash flow transparency: Operational strength of cash flow overshadowed by temporary effects



[€m]	Q3 2021	9M 2021	
Operating CF	105	128	
W/C outflow	200	511	Primarily price driven, ease expected in 2022
IT Projects/SAP upgrade	~5	~15	Will ease in 2023
Digitalization/Chemondis	~5	~15	Will ease in 2022
Restructuring	~10	~15	Will ease in 2022
M&A/Integration	~25	~50	
Buy-side	~20	~40	Will go down significantly in 2022 ¹
Sell-side	~5	~10	Depending on projects
Incremental others	~50	~85	
Energy, logistics, etc. Unplanned outages			Pass-on of cost burdens in 2022 Burden for incidents is temporary
Underlying operating CF	~400	~820	

LANXESS top priority: Focus on cash generation in 2022 and beyond!

¹ Integration OTCs as announced with signing documents

Welcome to today's Executive Call



1

We promised – we delivered: Boosting our specialty character

2

Flavors & Fragrances: Growth platform for consumer markets

3

IFF MC Acquisition: Creating another global player

4

New acquisitions: Strong in sustainability

5

Continuing the transformation: More specialty

Short video about the progress in Consumer Protection



[click here for the video](#)



Consumer Protection shows all characteristics of a high multiple business

**Strong
margins
> 20%**

**Non-
cyclical**

**Secular
growth
above GDP**

Asset light

**>70% cash
conversion**

**Power to
address
increasing
regulations**

Consumer Protection: Portfolio of true specialty chemicals businesses

Flavors & Fragrances – leading solutions for personal care, food & feed



Saltigo – a leading agro custom manufacturer



Material Protection Products – one of the key players in biosecurity



Liquid Purification Technologies – one of the leaders in water solutions



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Continuing the transformation: More specialty

F&F – products for highly attractive, growing consumer markets

Flavors

Fragrances

Preservatives

Home & Personal Care



Food, Feed & Beverages

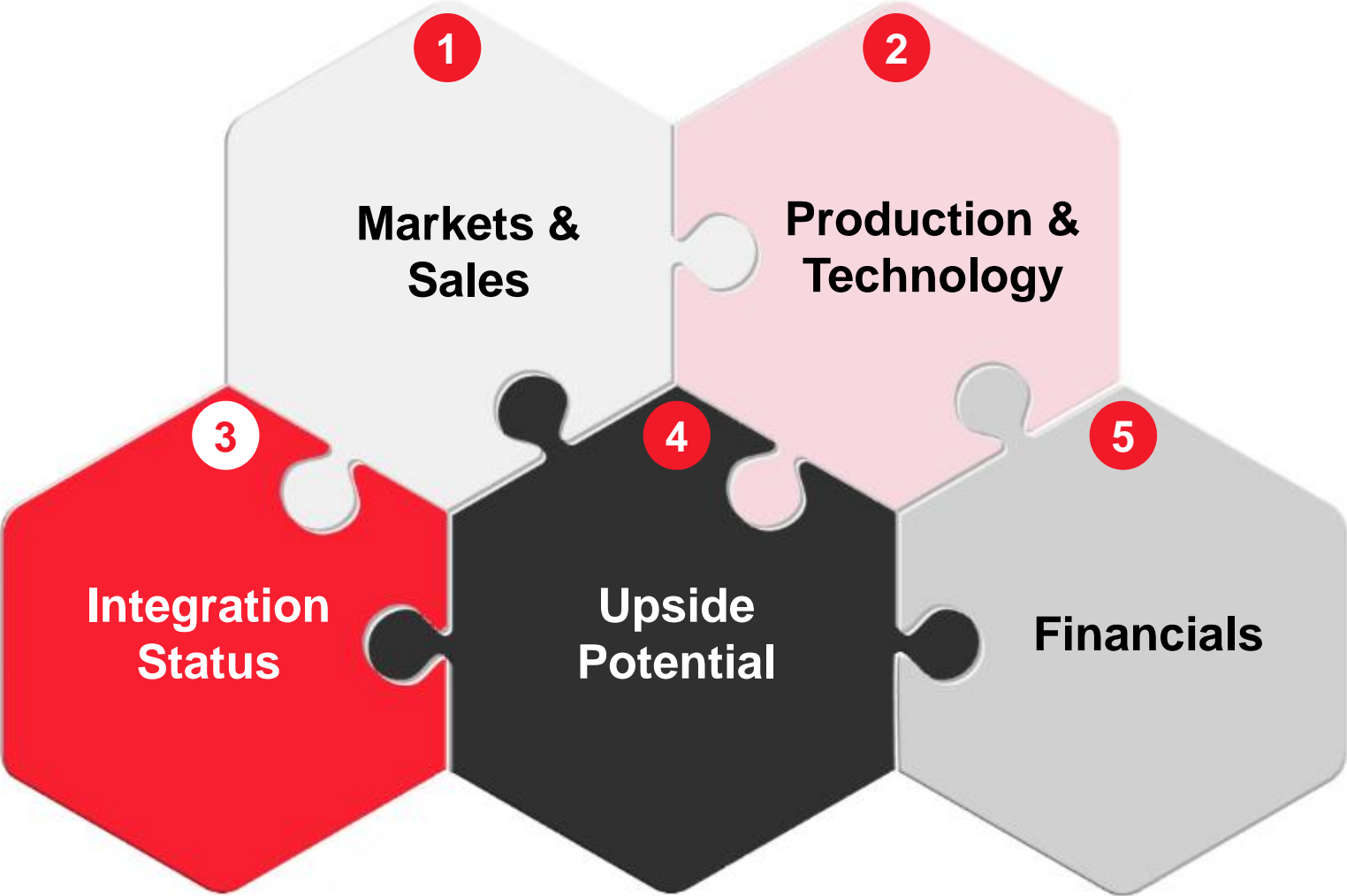


Growth drivers

- Increasing demand for care products
- Growing demand for healthy, non-alcoholic and sugar free products
- Innovative products with low toxicity profile
- Luxury products

Secular growth well above GDP

Strong business set up from markets to financials



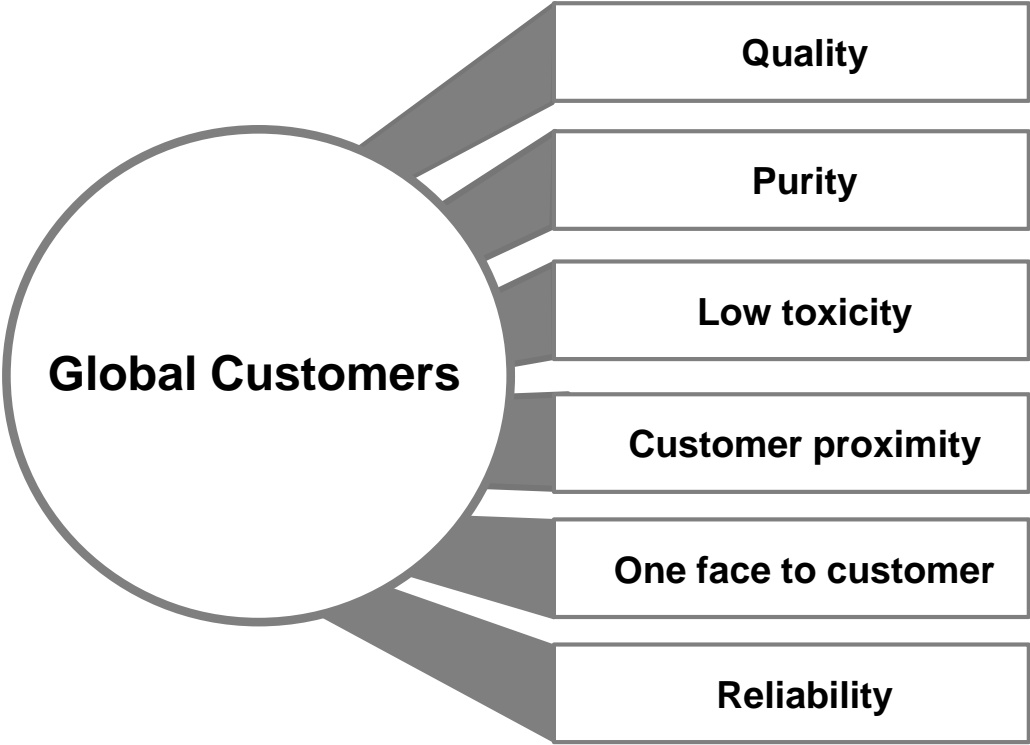
Markets & Sales: Well positioned to offer best in class solutions for our customers



Customer requirements

Our solutions

- 1
- 2
- 3
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- ✓ **Finest quality compared to peers**
- ✓ **Highest purity level of preservatives¹**
- ✓ **Soft and nature identical preservatives²**
- ✓ **Global coverage; broad collaboration areas**
- ✓ **Key account organization**
- ✓ **Long-term contracts & direct dialogue**

Production & Technology: Lean production network across the world

Global footprint and technological advantage in benzoates

1

- Leading technology platform guaranteeing highest quality and purity standards

2

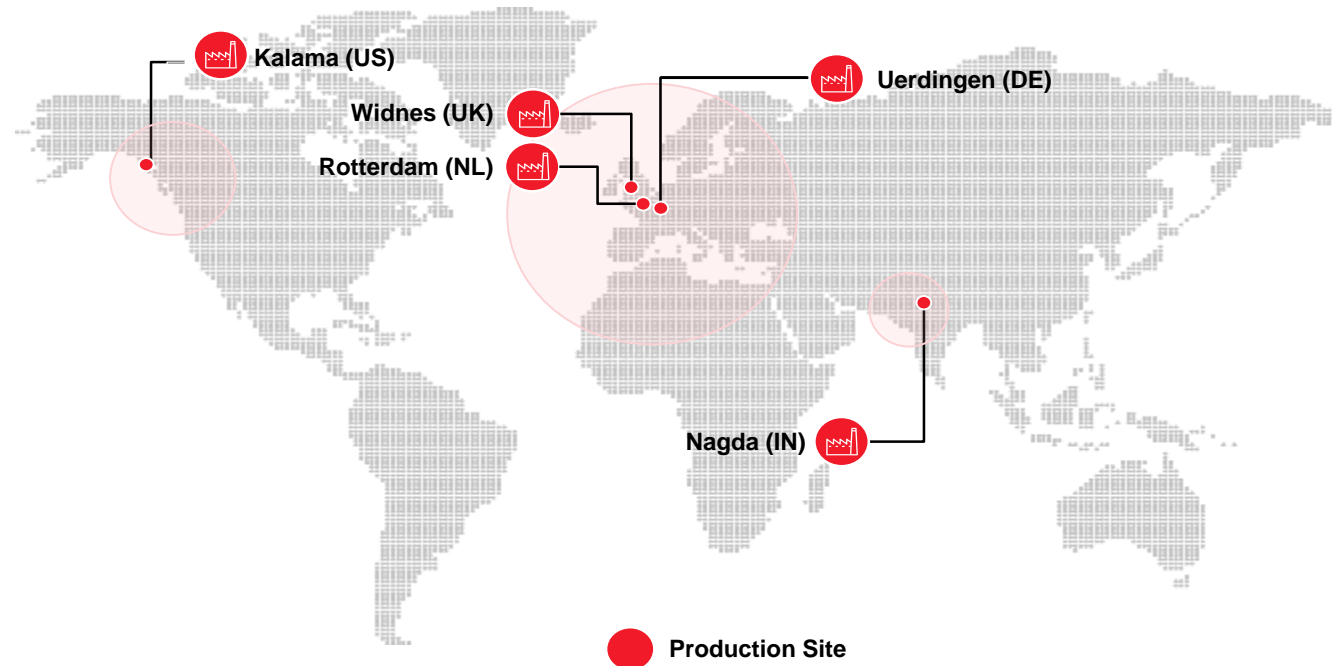
- Sole benzoate producer in NORAM

3

4

5

- Strong global R&D set-up driving innovation and adapting to changing market conditions



5 production sites

~730 FTEs

Integration status: Clear roadmap to realize synergies




1

2

3

4

5

Integration areas	What we achieved so far	Roadmap
Management and SG&A structure	<ul style="list-style-type: none"> Joint management team from day one Performance culture being formed 	Completed 
Operations	<ul style="list-style-type: none"> 5 world scale plants EKC sites being upgraded to LANXESS standard 	2024
Financials	<ul style="list-style-type: none"> Synergy roadmap on track First synergy generation within 12 months Growth potential verified 	2024

Total synergies of €25 m from EKC, mainly driven by F&F

Upside potential: Benzoate debottlenecking provides additional upside for growth

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Rationale

Benzoates recommended as preferred option for home & personal care applications¹

Scarcity of high purity benzoates globally

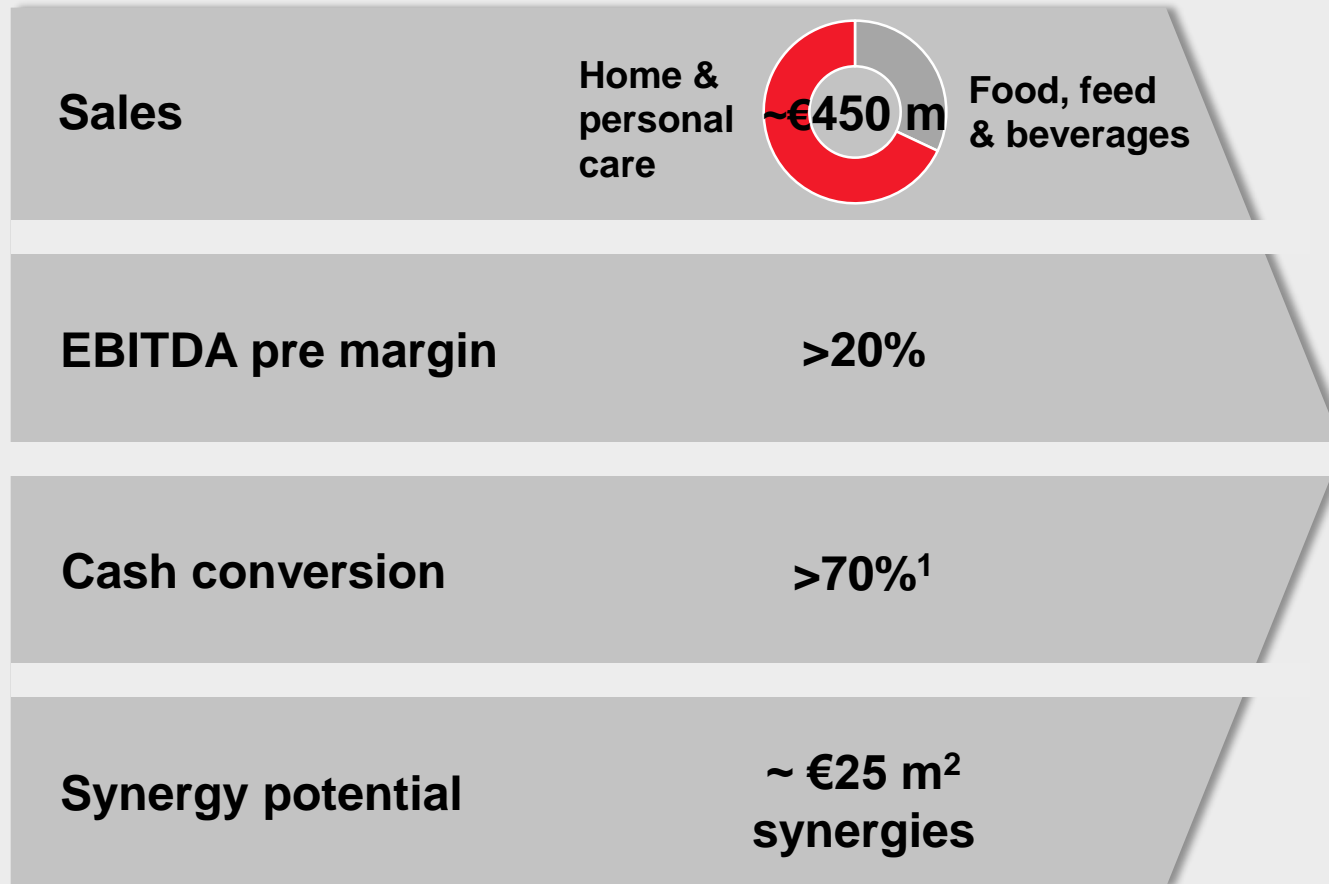
Debottlenecking opportunities in the US and Netherlands

Gradual CAPEX spending to create maximum shareholder value

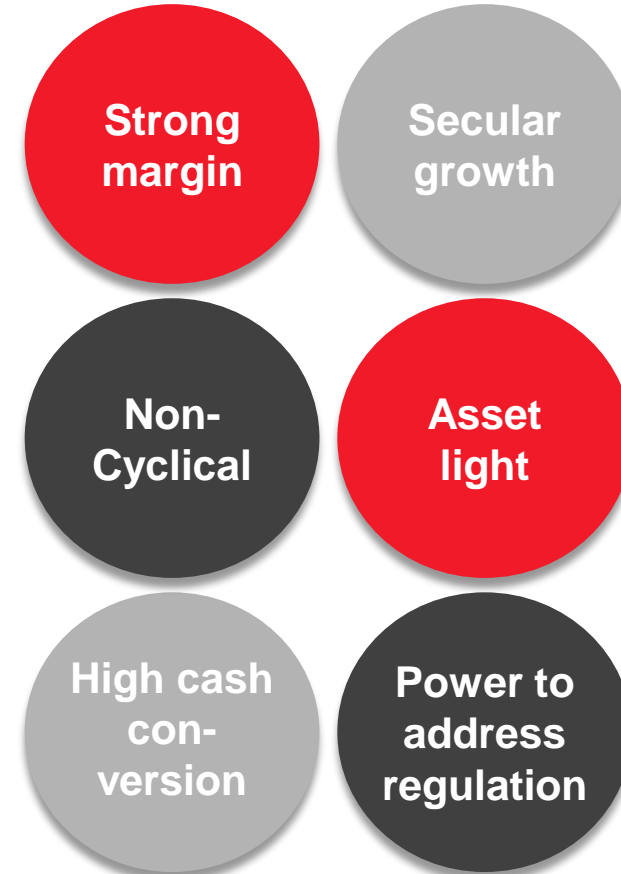
We focus on strengthening our profitability with moderate investment need

Financials: Reflecting specialty character

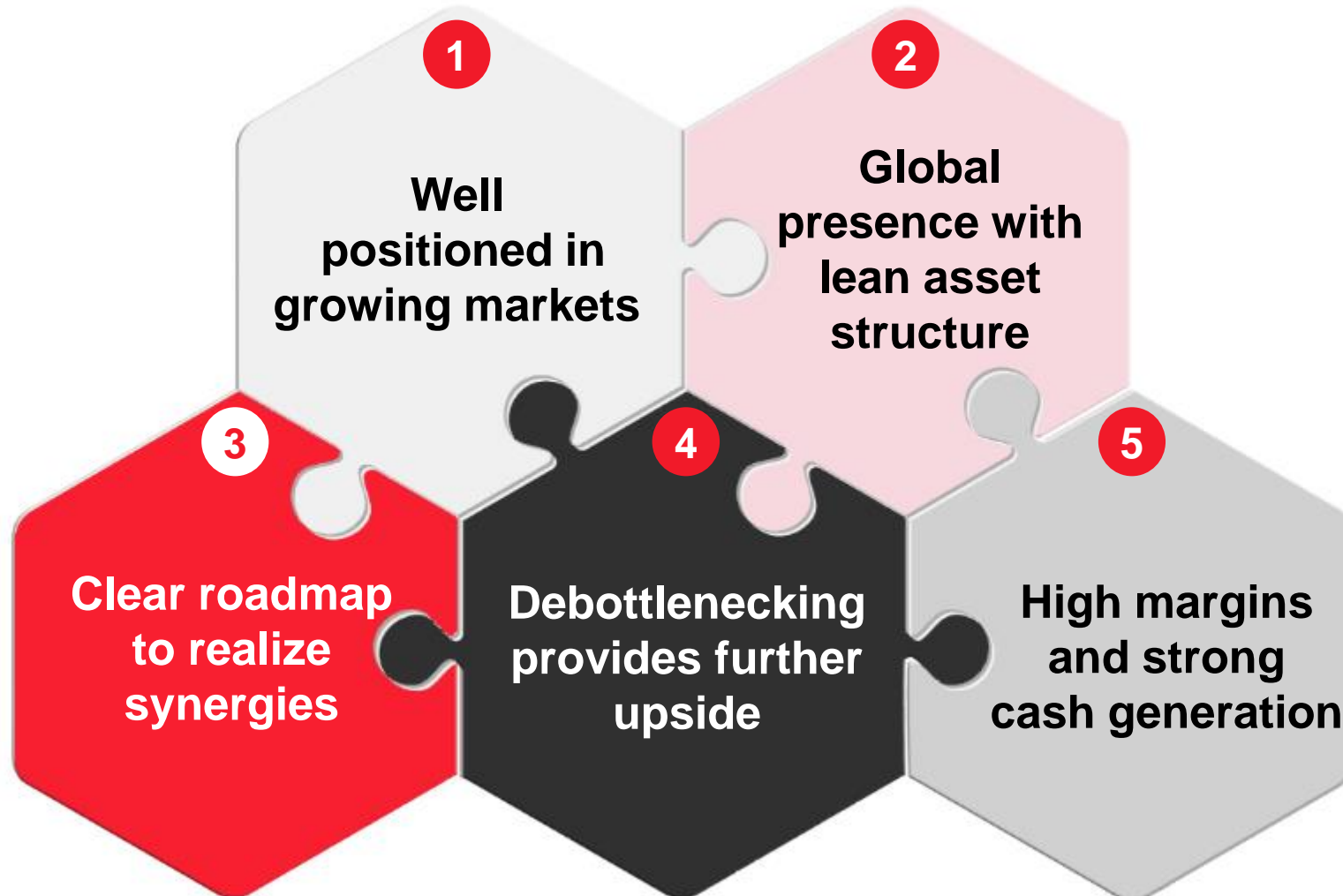
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Investment criteria met



F&F's strong set-up is boosting Consumer Protection segment



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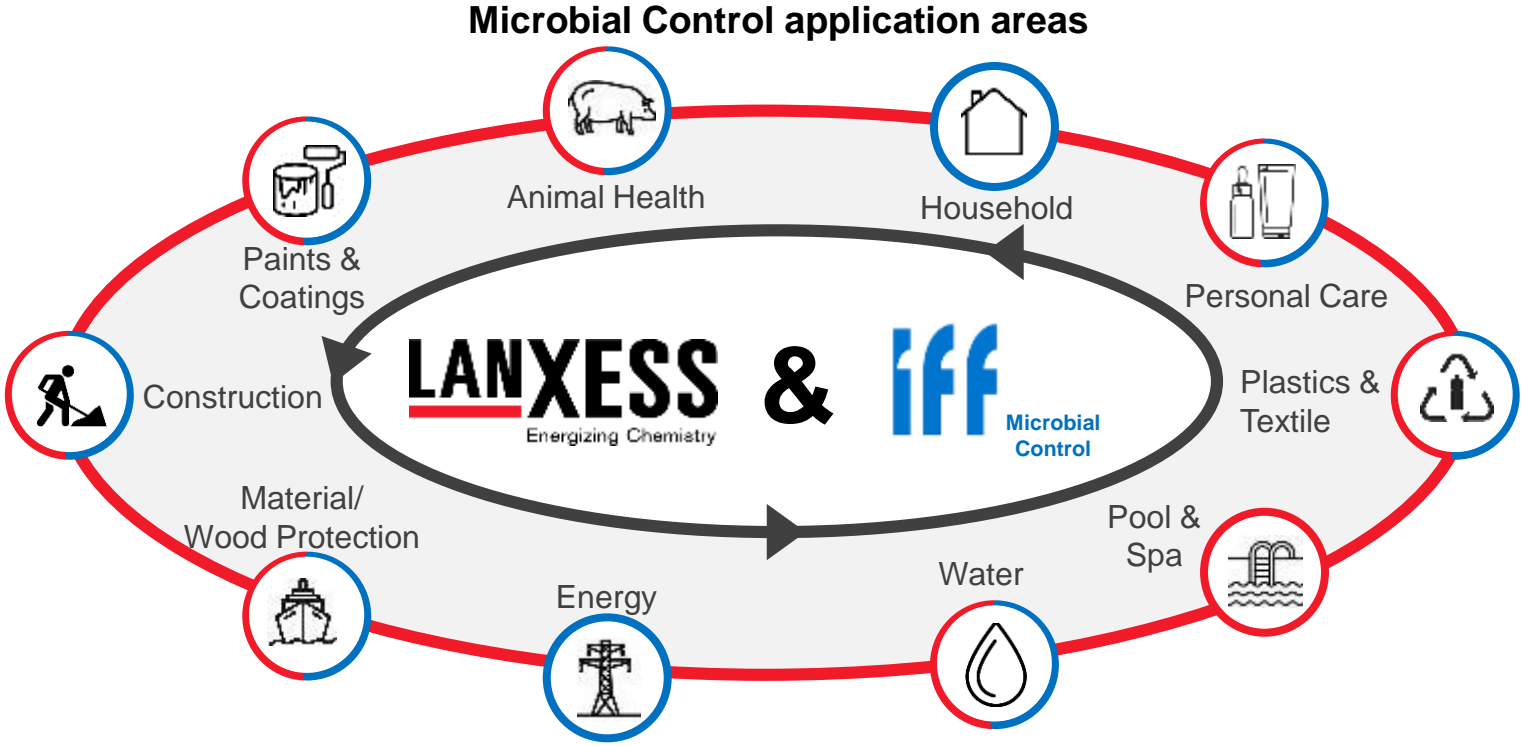
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Continuing the transformation: More specialty

Combining MPP+IFF MC enables complete service across all common microbial control application areas



LANXESS & IFF MC: complementing activities in microbial control

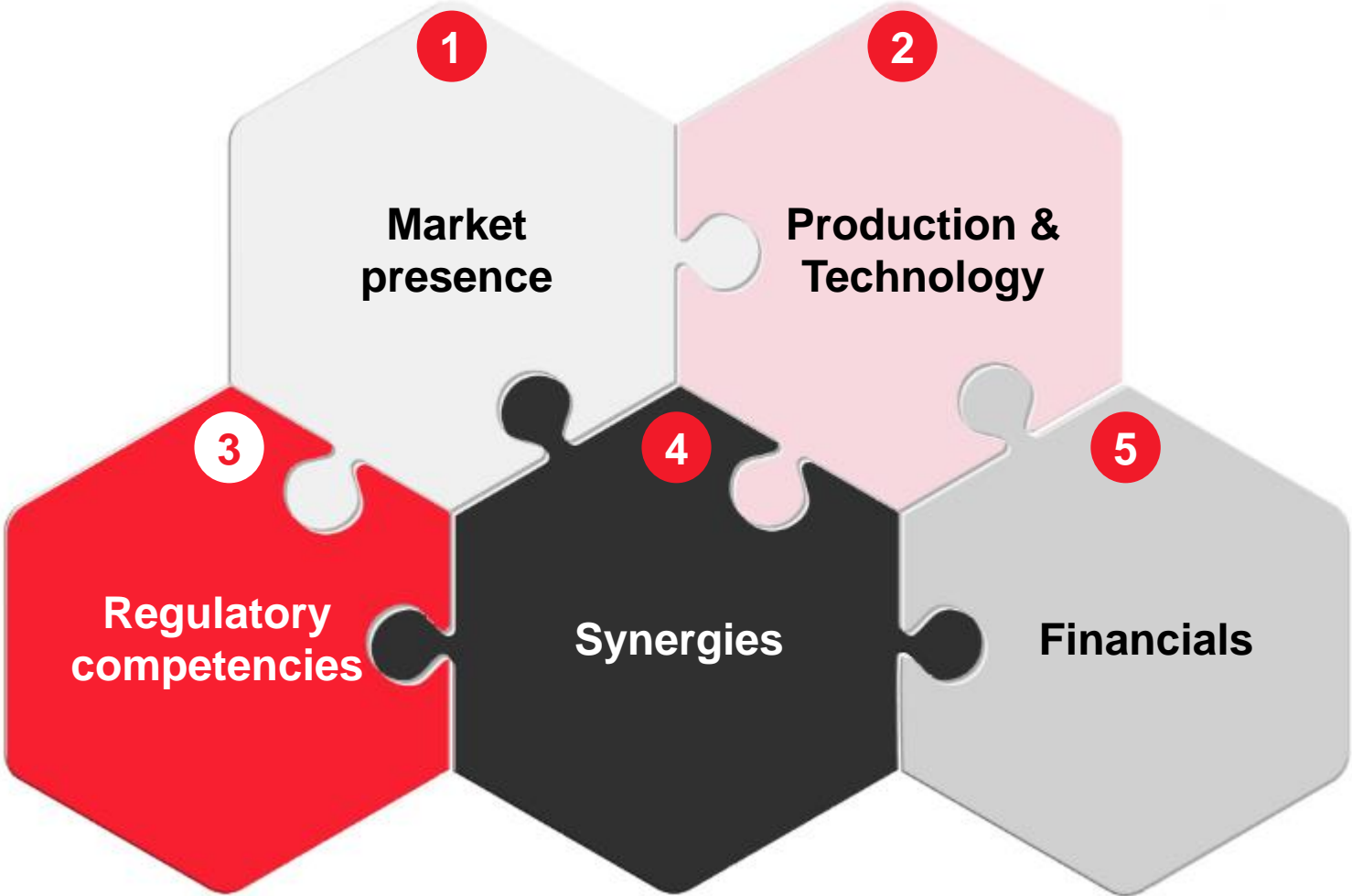


Growth drivers

- Global virus outbreaks & trend to use less antibiotics
- Growing population and water scarcity
- Urbanization in emerging countries
- Infrastructure measures boost global construction demand

Secular growth well above GDP

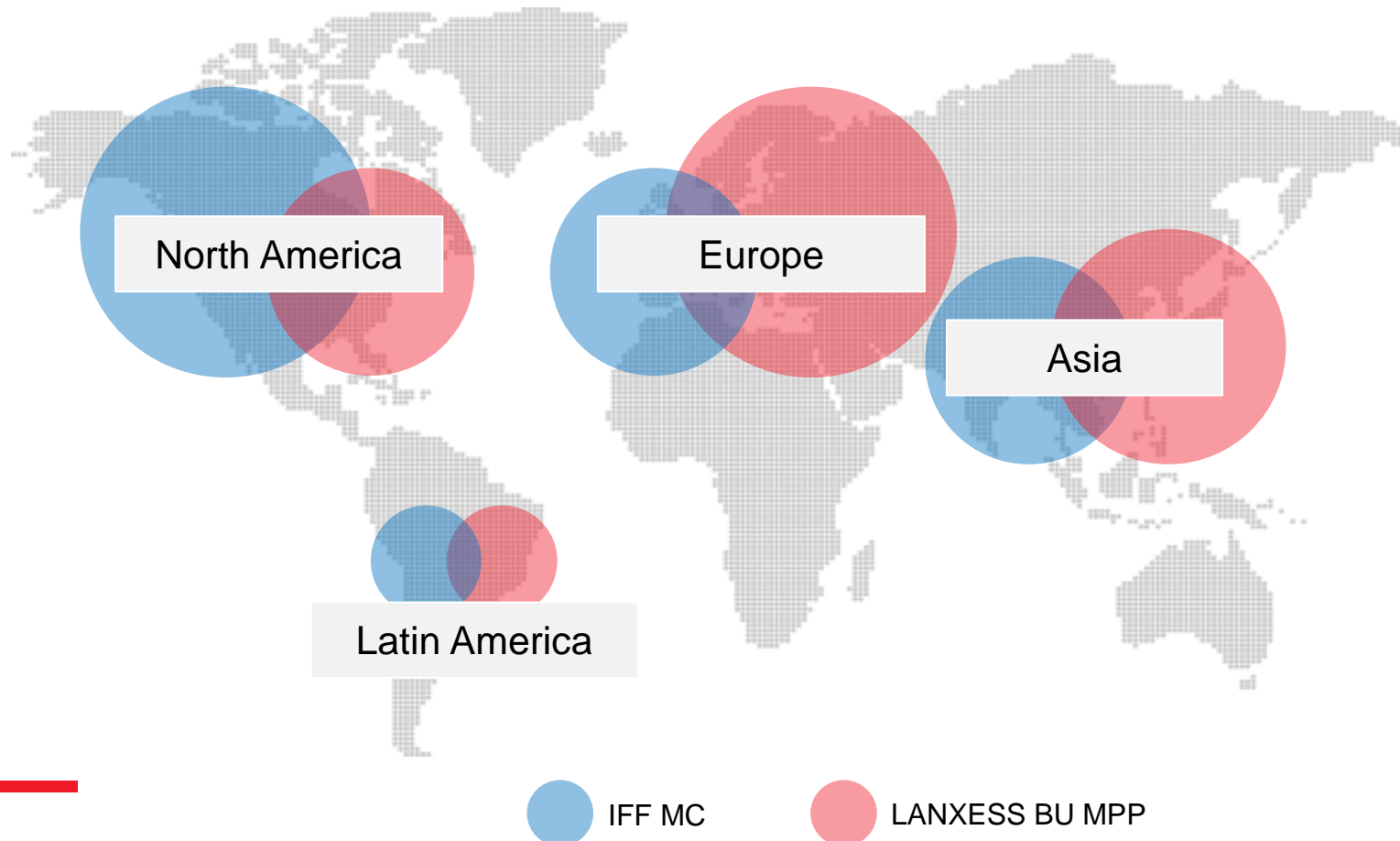
Strong business set up from markets to financials



Market presence: Leveraging regional strengths in forming a global player

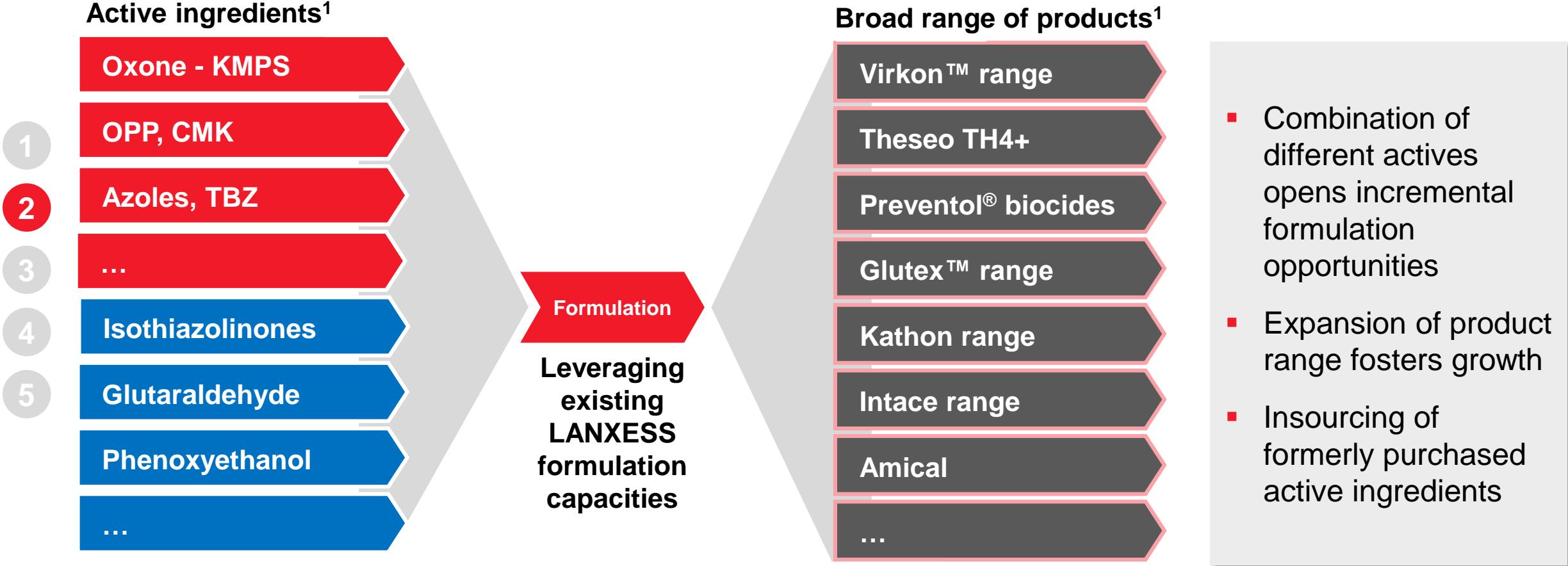
Complementary regional set-up

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- Global presence now reaching new level
- Global asset structure
- Application centers in all regions
- Regulatory support in all regions

Production & technology: Leveraging key actives & formulation capacities enlarges product portfolio



Regulatory competence: key requirement to be active in microbial control business

Regulatory expertise:

Registrations:



1 One of the world's largest team in chemical industry



~50 active ingredient registrations
~5,000 formulation registrations



2
3 Special strength in US/EPA approval processes



~50 active ingredient registrations
> 1,500 formulation registrations

Forming the leading regulatory affairs team with strong portfolio of product registrations

- LANXESS strong global regulatory team complemented by IFF MC experts
- Transaction includes IP-rich studies and registrations

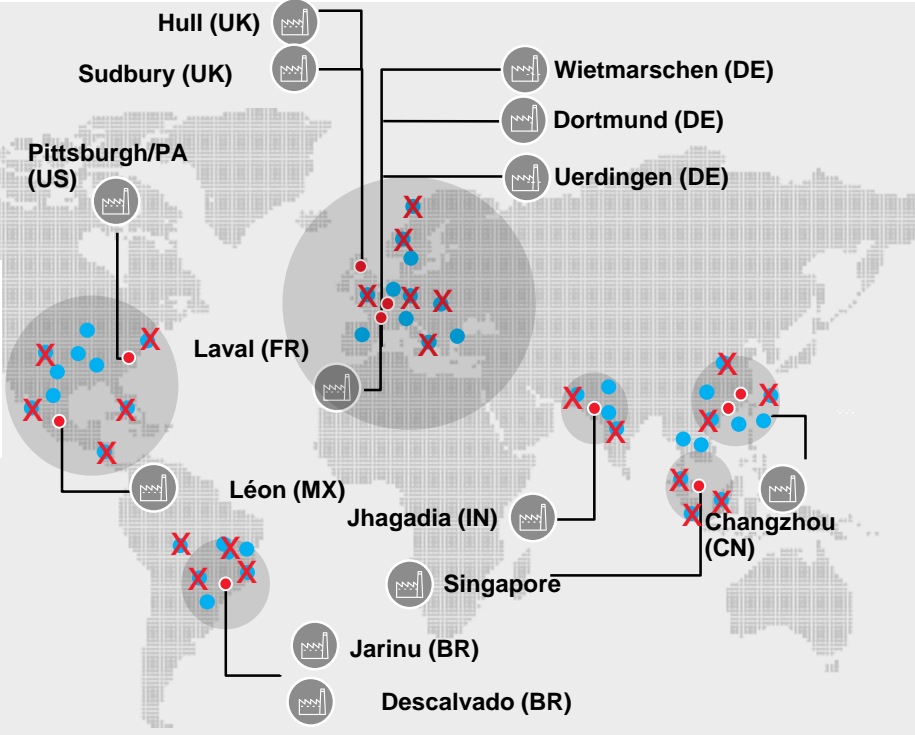
Cost synergies: realization will reveal full strength of the biocide business

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Gradually insource IFF MC's formulation activities into existing LANXESS' capacities, esp. in Asia, LATAM

Increasing utilization levels of formulation sites

Minor debottlenecking measures and additional shifts to facilitate incremental capacity



Production Site Toll manufacturers (illustrative)

€20 m
Total cost saving potential

Top line synergies: Cross-selling opportunities will support fast synergy realization

1

Leverage existing regional strength and sales franchises



2

Complementing product offering to become one-stop-shop for customers



3

Utilize existing actives & data portfolio to jointly develop new applications



5

Environmental and regulatory trends drives demand for additional applications e.g. water treatment

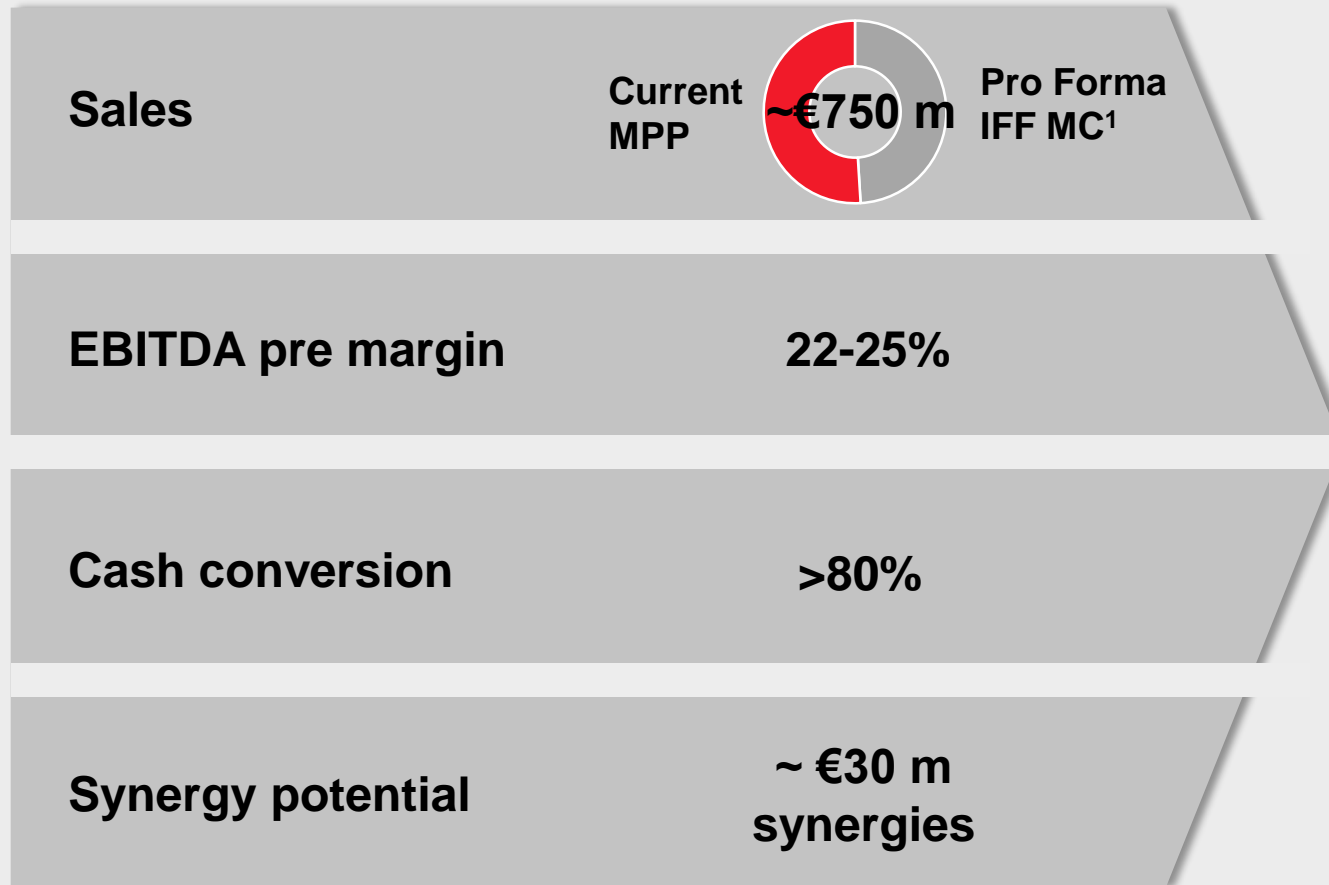


€10 m

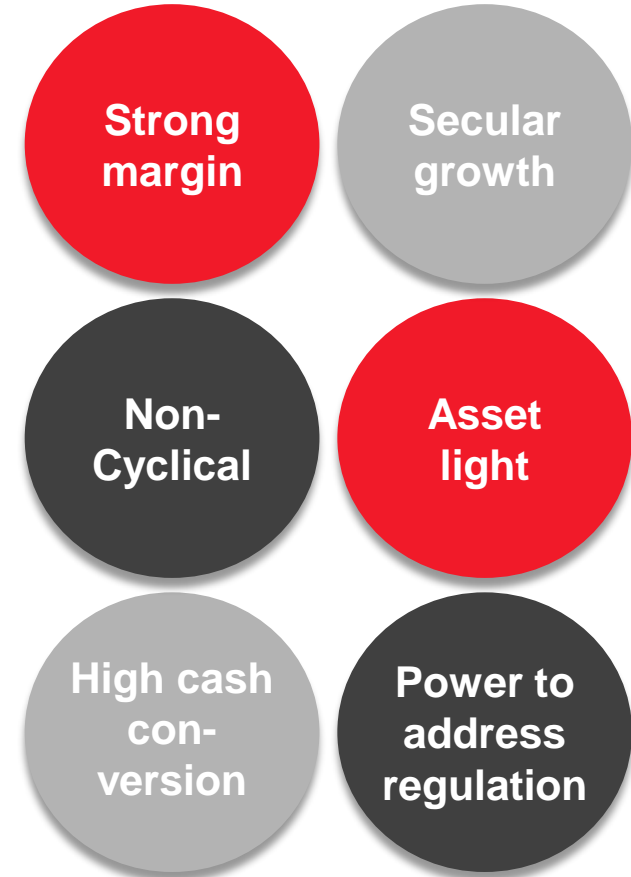
Total top line potential

Financials: Enhancing MPP's strong financial profile

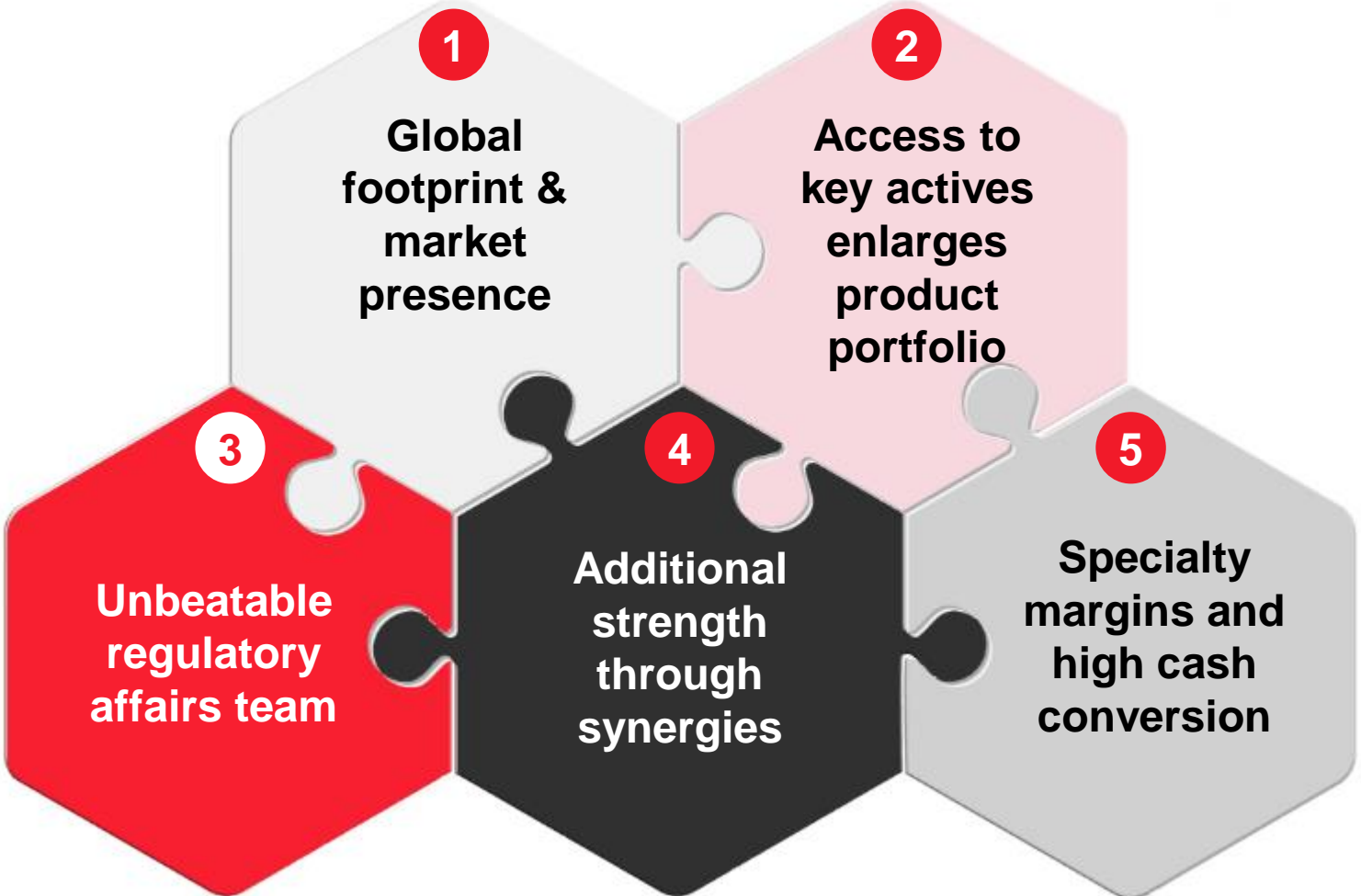
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Investment criteria met



Combining MPP+IFF MC creates unique global position in biocides & microbial control



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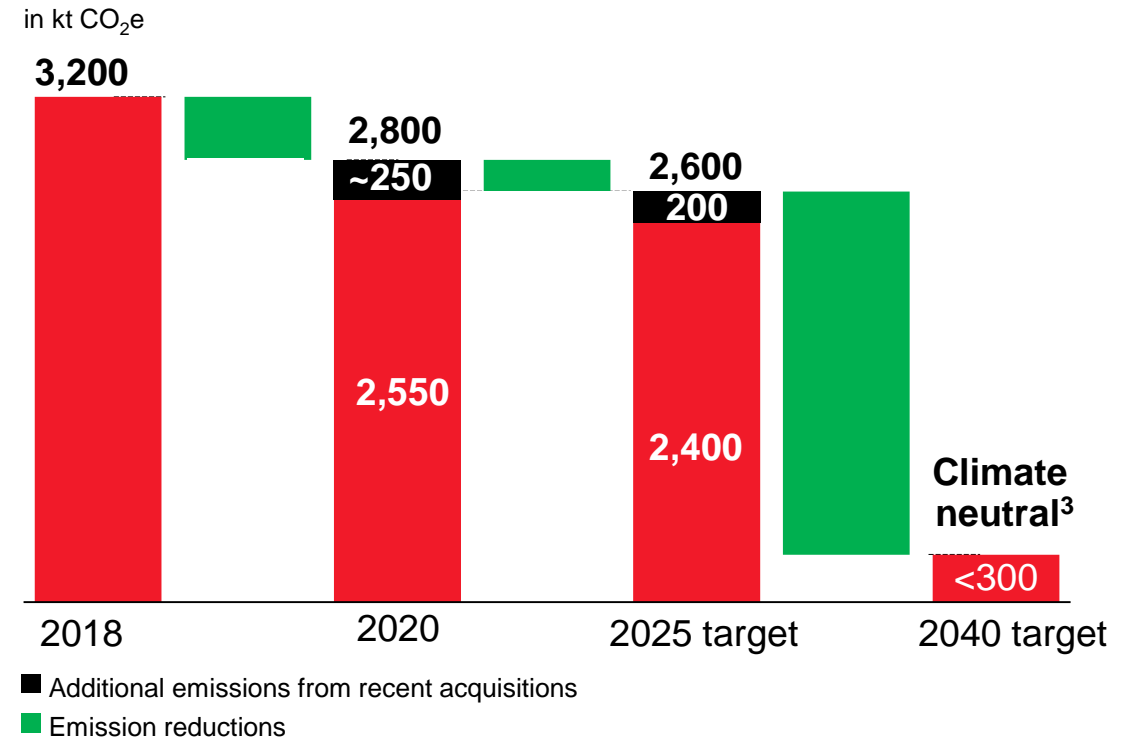
Continuing the transformation: More specialty

Recent acquisitions support our climate neutral target by 2040 – adjusting medium term step

New business meets sustainability criteria

- EKC and IFF MC¹ locations will be upgraded to LANXESS' standards in order to meet our emission reduction targets
- 2025 target slightly adjusted to reflect additional carbon reduction effort
- Climate neutral target by 2040 confirmed

CO₂e scope 1+2 emissions²



We are on track to achieving our climate neutral target by 2040

¹ Closing subject to authority approval | ² Emissions based on Scope 1 + Scope 2, numbers rounded, in thousand metric tons of CO₂ equivalents | ³ Climate neutral: Less than 300,000 tons of CO₂ equivalents per year. These will be reduced through compensation measures.

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Consumer Protection earnings to double



Specialty chemistry business driving group margin

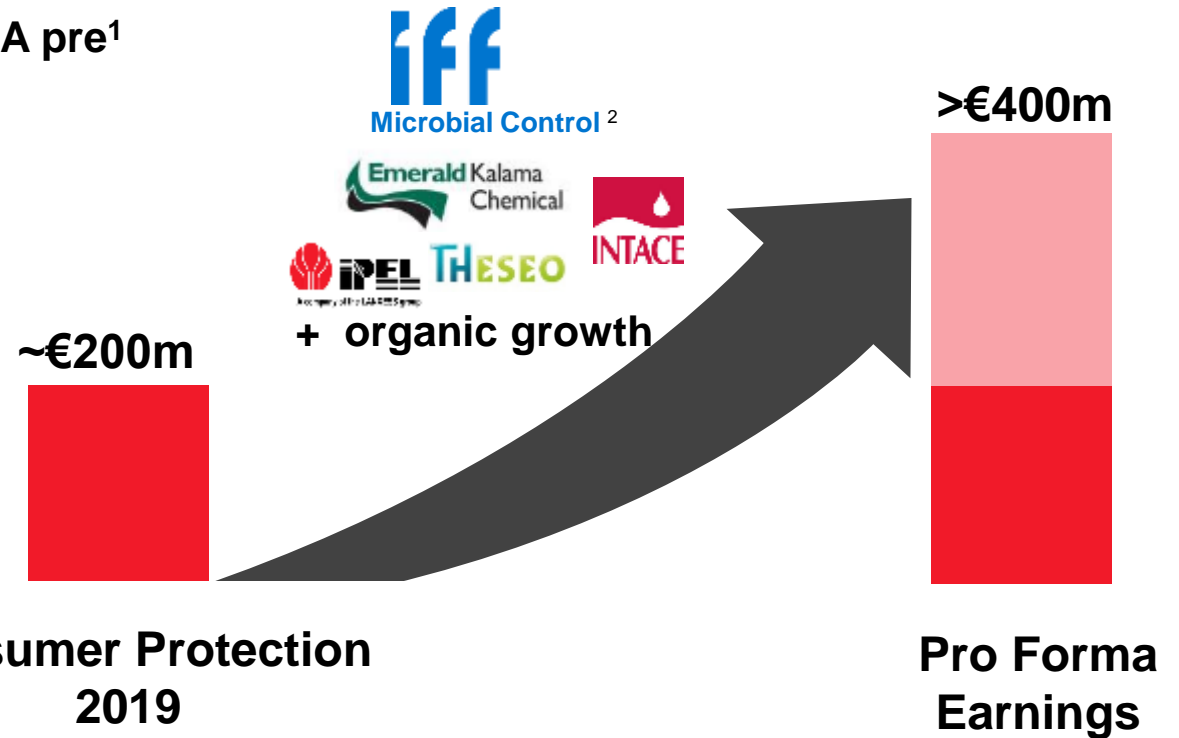


Adding strong cash generation



Resilient financials

EBITDA pre¹



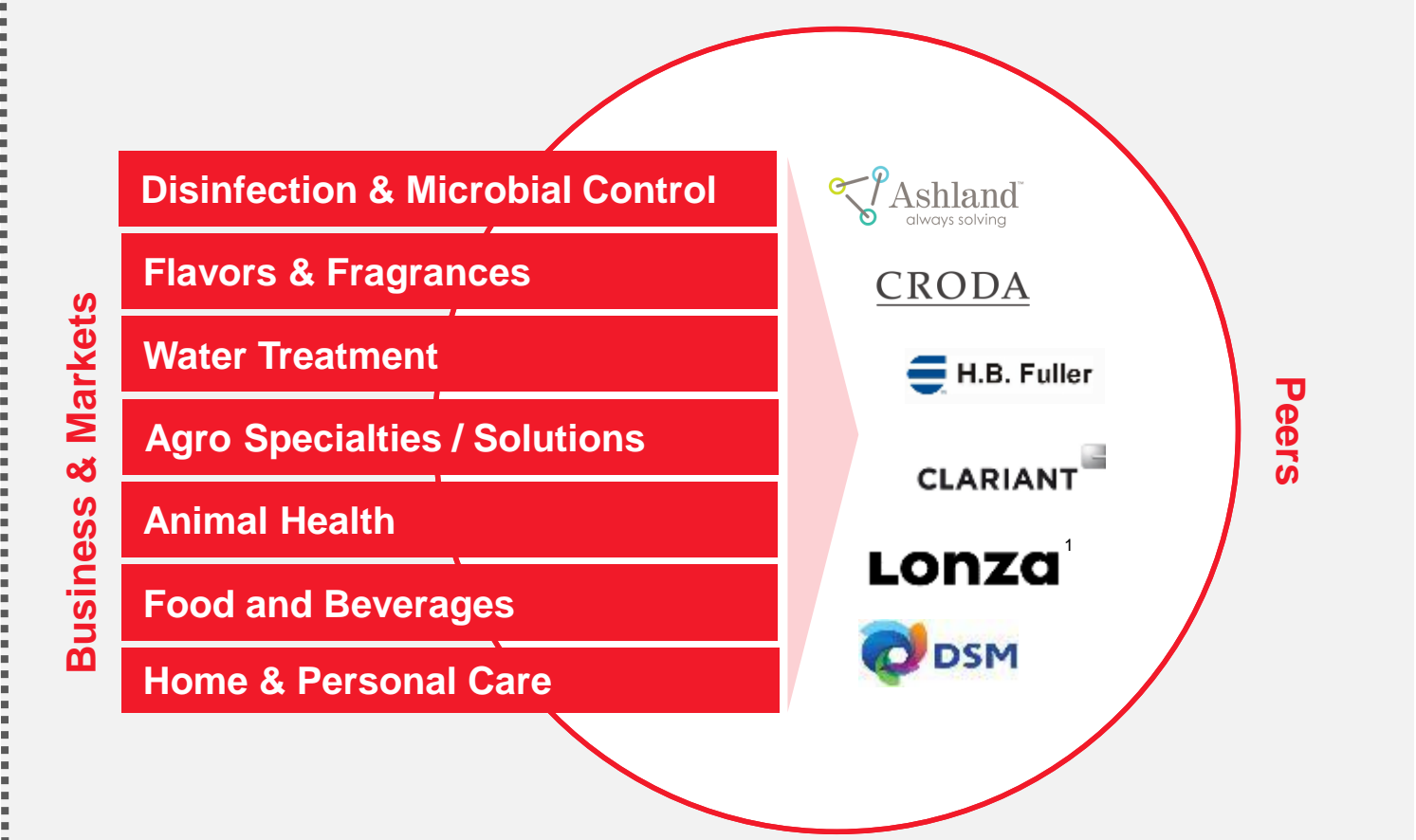
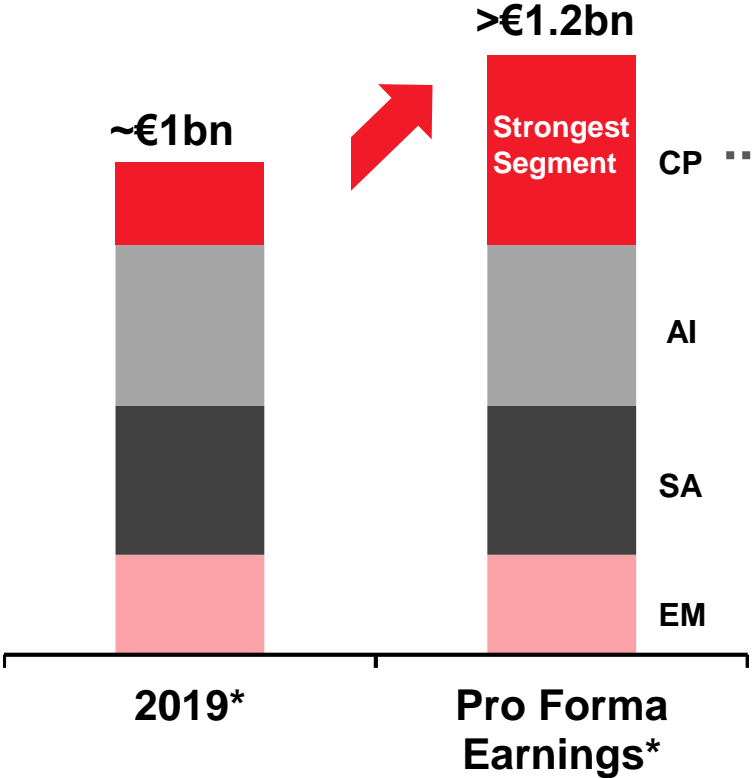
Growing margins & resilience as Consumer Protection exposure broadens

High-quality businesses strengthen LANXESS and change the face of the company

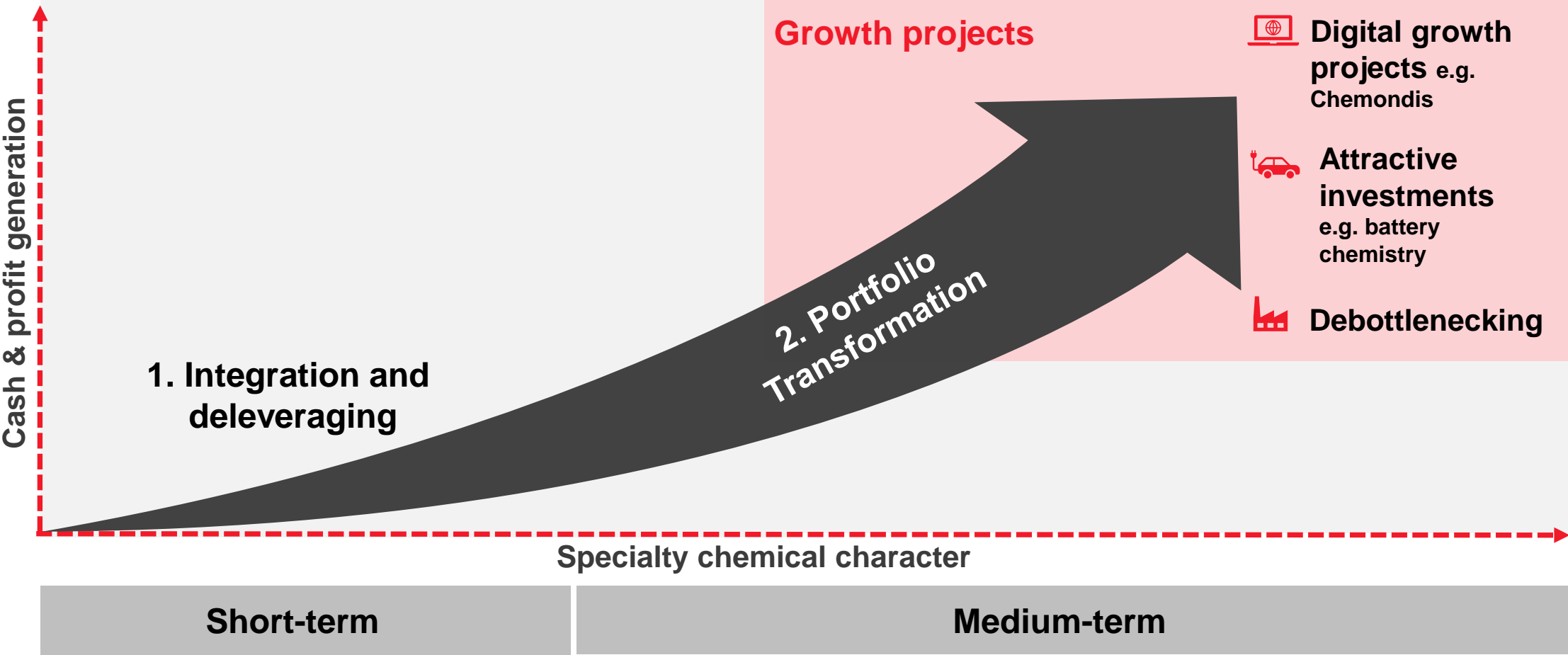


Acquisitions made Consumer Protection strongest segment

Consumer Protection active in a high multiple universe



Our transformation journey continues with concrete growth projects



LANXESS

Energizing Chemistry